

UNIT V PERFORMANCE EVALUATION AND CONTROL

Method of performance evaluation – Feedback – Industry practices. Promotion, Demotion, Transfer and Separation – Implication of job change. The control process – Importance – Methods – Requirement of effective control systems grievances – Causes – Implications – Redressal methods.

Performance evaluation or Performance appraisal

DEFINITION:

A performance appraisal, also referred to as a **performance review**, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated.

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

2. Compensation:

- Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal.
- Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal.

3. Employees Development:

- The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes.
- It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

4. Selection Validation:

- Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure.

- The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure.

5. Communication:

For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

- a. Through performance appraisal, the employers can understand and accept skills of subordinates.
- b. The subordinates can also understand and create a trust and confidence in superiors.
- c. It also helps in maintaining cordial and congenial labour management relationship.
- d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

6. Motivation:

- Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved.
- This very well motivates a person for better job and helps him to improve his performance in the future.

Traditional Methods of Employee Performance Appraisal

Here is a list of different traditional methods which can be used for employee performance appraisal:

1. Rating Scales:

- In this scale the factors such as attitude, initiative, dependability etc is quantified.
- A range of excellent to poor is provided to the ratter and based on the rating the performance of the employee is calculated.

2. Checklist:

- A checklist form of performance appraisal consists of column of 'Yes' and 'No' for different employee traits.

- The rater has to put a tick mark based on if the traits exist or does not exist in the employee.

3. Forced Choice Method:

- In this method different statements about the performance of the employee is provided to the rater and he/she is forced to answer the ready-made statements as true or false.
- Further evaluation of performance is carried on by HR department based on the answers of the rater.

4. Forced Distribution Method:

- In this method it is assumed that performance of an employee conforms a bell shaped curve.
- Thus, rater has to put employees on provided point on the scale.

5. Critical Incidents Method:

Here the critical behaviour of the employee is considered by the supervisor while evaluation of the performance.

6. Behaviorally Anchored Rating Scale:

- Different statements which are descriptive in nature are prepared about behaviour of the employee.
- These behaviours are put on the scale points and rater has to indicate the points which explain the employee behaviour in more exact way.

7. Field Review Method:

- In this method the reviewer of the performance is generally someone outside the department.
- The people from HR department or corporate office do the performance evaluation of the employee based on the records and interviews.

8. Performance Tests and Observations:

- This is kind of an oral test which is conducted to test the skills and knowledge of the employees in their respective field.
- The employees sometimes receive a situation and asked to demonstrate their skills and then their performance is evaluated based on that presentation.

9. Confidential Reports:

- Often the government departments follow this method of performance evaluation.
- The employees are evaluated based on the parameters such as leadership quality, team work, integrity, technical ability, attendance etc.

10. Essay Method:

- Under this method, the detailed description of the employee

performance is written by the rater.

- The performance of an employee, his relations with other Co- workers, requirements of training and development programs, strengths and weaknesses of the employee, etc. are some of the points that are included in the essay.

11. Cost Accounting Method:

- It is a simple method in which the performance of the employee is linked with the monetary benefits of the organization.
- The rater checks about the cost to the company to keep the employee and the contribution of the employee in terms of monetary business.

12. Comparative Evaluation Approaches:

- This approach includes comparison of the performance of co- workers with each other. It is of two types namely ranking method and paired comparison method.
- It is a quite popular method of employee performance appraisal in the corporate world.

Modern Methods of Employee Performance Appraisal

Here is a list of different modern methods which can be used for employee performance appraisal:

1. Management by Objectives:

- In this method the performance of the employee is assessed based on the targets achieved by him/her.
- The management at the beginning of the financial year conveys the set goals to the employees, at the end of the year the performance of the employee is compared with the set goals and evaluated for the appraisal.

2. Psychological Appraisals:

- Psychologists are invited to the companies for the performance appraisal of the employees. Here the performance is in the context of the potential future performance.
- Psychological tests, in-depth interviews, reviews and discussions with the managers are the methods used for the evaluation of the performance.

3. Assessment Centres:

- A series of exercises are conducted at the assessment centre of the company to actually evaluate the performance of the employee.
- The employees are evaluated in terms of communication skills, mental alertness, emotional intelligence, confidence and administrative abilities.

- The rater observes the event and evaluates the performance of the employee at the end.

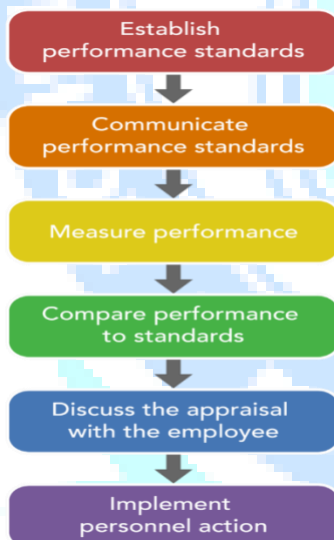
4.360-Degree Feedback:

- It is particularly a **360-degree Feedback** method in which the information about the performance of the employee is collected from supervisors, peers, group members and self-assessment.
- All the remarks are considered to evaluate the overall work performance of the employee.

5.720-Degree Feedback:

- In line with the 360-Degree feedback system, here the feedback is collected from the stakeholders within the company as well as the people linked from outside the organization.
- The customers, suppliers, investors and other financial groups provide feedback about the performance of the employee.

PROCESS OF PERFORMANCE APPRAISAL



FEEDBACK

DEFINITION:

Feedback is **way of assessment of work done or processes** and is an integral part of the HR department. Feedback is a way to understand the needs, requirements, performances etc of employees in an organization

Types of feedback

1. Formal feedback

This type of feedback is the most obvious and can take the form of something like an annual performance review. Formal feedback is typically arranged and can be pre-planned.

These sessions give both the employer and the employee to openly discuss problem areas, things that are going well, open questions, and much more.

A formal feedback session at work may look at statistics and demonstrate actionable insights. The employee should know what the topics of conversation are going to be so that they can prepare.

2. Informal feedback

This will be the most common type of feedback that occurs in the workplace. It can happen at any time, between anyone, and can be as effective and useful as unproductive and hurtful.

This kind of feedback is usually very spontaneous and is often unprompted.

Informal feedback can help to build a supportive working environment when it is shared in the right way.

This kind of feedback can vary greatly from a simple 'good job on that report' to something more substantive like showing someone a new way to do something.

For example: An employer praising an employee for the work they are doing. They could comment on speed, accuracy, amount, or any number of things.

INDUSTRY PRACTICES IN HRM

These best practices are:

2. Providing security to employees.
3. Selective hiring: Hiring the right people.
4. Self-managed and effective teams.
5. Fair and performance-based compensation.
6. Training in relevant skills.
7. Creating a flat and egalitarian organization.
8. Making information easily accessible to those who need it.